

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE ALASKA STATE HOUSE

March 3, 2014

Representative Eric Feige, Co-Chair, House Resources Committee
Representative Dan Saddler, Co-Chair, House Resources Committee
Members of the House Resources Committee
State Capitol Building, Room 124
Juneau, Alaska 99801

Re: Support for House Bill 287

Dear House Resources Committee Co-Chairmen and Committee Members:

I am writing to you to express my personal support for House Bill 287 "An Act approving and ratifying the sale of royalty oil by the State of Alaska to Tesoro Corporation and Tesoro Refining and Marketing Company LLC."

The Tesoro refinery is a critical piece of the economic engine that drives the economy in Nikiski and the Kenai Peninsula Borough.

Tesoro's refining operations started in Alaska with the purchase of the Kenai refinery back in 1969. In addition to being our states primary producer of jet fuel, diesel fuel, gasoline, heating oil and heavy fuel oils, propane and asphalt, they are the largest taxpayer in the Kenai Peninsula Borough. The refinery provides over 200 family wage jobs, along with around 30 full-time contractors that work in and around the refinery year round. Additionally, they employ hundreds of Alaskan's in their retail outlets across the state and dozens of operators who work at their terminals in the Port of Anchorage and in Nikiski.

Besides the obvious benefits for the Kenai Peninsula Borough and the other communities Tesoro operates in, the benefits for the State are significant as well.

Maintaining in-state production of refined fuel products is critical for the economic security of our State. In addition, the DNR estimates that the State will receive a price for its Royalty-in-Kind oil that exceeds the price it would have receive if it elected to keep its Royalty Oil in Value.

This legislation will help both the State and the largest remaining in-state refinery. I believe this bill is in the best interest of the State and I urge you to support House Bill 287.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Chenault". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Representative Mike Chenault

Speaker, Alaska State House of Representatives